



Deposit Takers (Charitable and Religious Organisations) Exemption Notice 2010

Pursuant to section 157G of the Reserve Bank of New Zealand Act 1989, the Reserve Bank of New Zealand gives the following notice (to which is appended a statement of reasons of the Bank).

Contents

		Page
1	Title	1
2	Commencement	1
3	Expiry	1
4	Interpretation	1
5	Exemption from credit rating requirement	2
6	Conditions of exemption in clause 5	2

Notice

- 1 Title**
This notice is the Deposit Takers (Charitable and Religious Organisations) Exemption Notice 2010.
- 2 Commencement**
This notice comes into force on the day after the date of its notification in the *Gazette*.
- 3 Expiry**
This notice expires on the close of 30 November 2012.
- 4 Interpretation**
(1) In this notice, unless the context otherwise requires,—

Act means the Reserve Bank of New Zealand Act 1989

information document means the information document referred to in clauses 6 and 7 of the Securities Act (Charitable and Religious Purposes) Exemption Notice 2003.

- (2) Any term or expression that is defined in the Act and used, but not defined, in this notice has the same meaning as in the Act.

5 Exemption from credit rating requirement

Every deposit taker that relies on the exemption in clause 5 of the Securities Act (Charitable and Religious Purposes) Exemption Notice 2003 is exempted from section 157I of the Act.

6 Conditions of exemption in clause 5

The exemption in clause 5 is subject to the conditions that—

- (a) the information document must contain, or be accompanied by, a statement that the deposit taker is temporarily exempted, until 30 November 2012, from the requirement in section 157I of the Act to have a credit rating; and
- (b) on 31 July 2010 or the date that the deposit taker starts taking deposits in reliance on clause 5 of the Securities Act (Charitable and Religious Purposes) Exemption Notice 2003, whichever is the later, the deposit taker must notify the Bank that it intends to operate on the basis of the exemption; and
- (c) the deposit taker must not disclose an assessment of its creditworthiness that is in substance a credit rating (whether called a rating, grading, scoring, ranking, or by another name) issued by an agency that is not approved by the Bank under section 157J of the Act.

Dated at Wellington this 4th day of May 2010.

Grant Spencer,
Deputy Governor.

Statement of reasons

This notice comes into force on the day after the date of its notification in the *Gazette* and expires on 30 November 2012. It exempts from the requirement to have a credit rating under section 157I of the Reserve Bank of New Zealand Act 1989 (the **Act**) deposit takers that are issuing debt securities in reliance on the exemption granted by clause 5 of the Securities Act (Charitable and Religious Purposes) Exemption Notice 2003.

The exemption granted by clause 5 of the Securities Act (Charitable and Religious Purposes) Exemption Notice 2003 applies to organisations that are exclusively for charitable, religious, and certain other purposes and is from the trustee and trust deed, prospectus, and investment statement requirements of the Securities Act 1978 and certain requirements of the Securities Regulations 1983.

The Reserve Bank of New Zealand, after taking into account the principles set out in section 157F of the Act, and satisfying itself as to the matters set out in section 157G(2) of the Act, considers it is appropriate to grant the exemption because—

- the Bank is satisfied that compliance with section 157I would be unduly onerous and burdensome in the circumstances. The relevant circumstances include that the deposit takers are established for charitable, religious, educational, or recreational purposes, that they operate under an exemption from certain requirements of the Securities Act 1978 and that, in various other ways, they are distinct from other deposit takers. These circumstances, in combination, limit the relevance of the deposit taker regime. The relevance of the circumstances may change in the future, for example, depending upon whether the Securities Act 1978 exemption, which is due to expire in 2012, is renewed:
- granting a temporary exemption is consistent with the maintenance of a sound and efficient financial system, given that the class of deposit takers benefiting from this exemption is

a small proportion of all deposit takers and their treatment is unlikely to have a material impact on the system:

- the exemption is a short-term exemption and only extends to deposit takers that are operating under the Securities Act (Charitable and Religious Purposes) Exemption Notice 2003; this ensures that the exemption does not go further than is reasonably necessary to address the concerns raised above.

Issued under the authority of the Acts and Regulations Publication Act 1989.
Date of notification in *Gazette*: 6 May 2010.
This notice is administered by the Reserve Bank of New Zealand.
